

## Message Text

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ORIGIN STR-04

INFO OCT-01 ISO-00 /005 R

66011

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APPROVED BY: STR/WBKELLY, JR.

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P 230101Z JUL 77

FM SECSTATE WASHDC

INFO RUESRS/AMEMBASSY CARACAS PRIORITY 0000

AMEMBASSY LA PAZ PRIORITY

AMEMBASSY LIMA PRIORITY

AMEMBASSY QUITO PRIORITY

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FOLLOWING REPEAT GENEVA 6097 SENT ACTION SECSTATE INFO BOGOTA,  
BRASILIA, BUENOS AIRES, MEXICO 21 JUL 77

QUOTE LIMITED OFFICIAL USE GENEVA 6097

USMTN

FOR STR AMB WOLFF AND STATE/ARA/DAS DEVINE AND SIMMERMAN;  
AND EB/OT-AHMAD

E.O. 11652: N/A

TAGS: ETRD MTN

SUBJ: MTN - LATIN AMERICAN HESITATIONS ABOUT REQUEST/OFFER PROCEDURE

1. SUMMARY. GROUP AGRICULTURE IS IN RECESS UNTIL JULY 27  
TO ALLOW DELEGATIONS TO SEEK INSTRUCTIONS FROM CAPITALS  
ON U.S. PROPOSAL FOR ADOPTION OF REQUEST/OFFER PROCEDURE  
ON AGRICULTURAL TARIFF AND NON-TARIFF MEASURES AS DEVICE  
TO UNBLOCK THE MTN. SIMILAR U.S. PROPOSAL BEING INTRO-  
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DUCED IN NON-TARIFF MEASURES GROUP TODAY AND IT SEEMS  
PROBABLE THAT THIS MEETING ALSO WILL RECESS FOR ABOUT A  
WEEK FOR SAME REASON. THE BIGGEST SINGLE PROBLEM IN SELL-  
ING THE U.S. PROPOSALS IS RESISTANCE BY SOME LATIN AMERICAN  
DELEGATIONS, NOTABLY ARGENTINA, WHICH ARE DEMANDING  
FAR-REACHING FORMULATIONS OF "SPECIAL AND DIFFERENTIAL"  
(S&D) RULES AND, IN CASE OF ARGENTINA, ASSERTING THAT  
NO REQUESTS FOR TRADE BARRIER REDUCTIONS OF ANY KIND  
SHOULD BE ADDRESSED TO LDCS, OR AT LEAST TO ARGENTINA.  
BRAZIL ALSO WANTS S&D, OF COURSE, BUT ITS DELEGATION IS

TAKING A MODERATE AND GENERALLY CONSTRUCTIVE LINE THUS FAR. WE WILL BE CONSULTING INFORMALLY WITH KEY DC AND LDC DELEGATIONS OVER COMING DAYS AND WILL REPORT DEVELOPMENTS PROMPTLY. WE ANTICIPATE KEY DELEGATIONS, ESPECIALLY LATIN AMERICAN COUNTRIES TO WHOSE CAPITALS WE ARE SENDING THIS MESSAGE FOR INFO, WILL BE SOLICITING EXPLICIT INSTRUCTIONS FOR JULY 27 RESUMPTION OF GROUP AGRICULTURE. WE THINK IT WOULD BE ADVISABLE IF WASHINGTON WOULD INSTRUCT OUR EMBASSIES IN BUENOS AIRES, BOGOTA AND BRASILIA TO APPROACH SENIOR LEVELS OF THEIR RESPECTIVE GOVERNMENTS IN AN EFFORT TO ALLAY THEIR SUSPICIONS OF U.S. MOTIVES AND APPEAL FOR COOPERATIVE POSTURE. SAME POINT SHOULD BE MADE TO MEXICAN REPS HERNANDEZ AND GARRIDO, PRESENTLY IN WASHINGTON FOR US-MEXICAN BILATERAL. END SUMMARY

2. UNTIL OPENING OF GROUP AGRICULTURE MEETINGS ON JULY 19, LDCS WERE NOT PREVIOUSLY AWARE OF SHIFT IN U.S. POSITION ON HOW TO UNBLOCK THE MTN. A FULL WEEK OF U.S. CONSULTATIONS WITH EC COMMISSION AT ALL LEVELS(BEGINNING WITH AMBASSADOR STRAUSS' VISIT TO BRUSSELS JULY 11 AND SENIOR OFFICER LEVEL VISIT TO WASHINTON JULY 15-16) HAS RESULTED IN U.S. AND EC AGREEMENT ON HOW TO PROCEED IN BOTH GROUP AGRICULTURE AND NON-TARIFF MEASURES GROUP.  
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OUR CONSULTATIONS HERE HAVE BROUGHT CANADA AND AUSTRALIA TO GO ALONG AND WE EXPECT NO PROBLEMS FROM NORDICS. JAPAN MUST CONSULT TOKYO BUT IF WE CAN AVOID A MAJOR ROADBLOCK FROM OTHER QUARTERS, WE ARE REASONABLY CONFIDENT JAPAN WOULD NOT HAVE THE NERVE TO BLOCK AN AGREEMENT JULY 27. THE PROBLEM IS THE LDCS, AND ESPECIALLY LATIN AMERICAN DELS.

3. BRAZIL HAS FOR SEVERAL YEARS IN THE MTN BEEN THE LEADING PROPONENT AND DEMANDEUR FOR S&D. AMB MACIEL IS IN BRAZIL ON VACATION AND HIS DEPUTY, BARTHEL ROSA, HAS TAKEN A MODERATE AND CONSTRUCTIVE ATTITUDE BOTH IN THE FORMAL MEETINGS AND IN BILATERAL CONTACTS. INDIAN REP SANDILYA IS ALSO TAKING MODERATE LINE. STRONG DEMANDS FOR FAR-REACHING S&D MEASURES AND RULES TO BE INCORPORATED IN ANY AGREEMENT REACHED THIS WEEK BEING INSISTED UPON PRIMARILY BY ARGENTINE AMB GABRIEL MARTINEZ WITH SUPPORT FROM ANDEAN SPOKESMAN HERRERA (ALTHOUGH COLOMBIA IS THE LEADING ANDEAN FORCE IN MTN AFFAIRS, ECUADOR'S HERRERA IS SPEAKING FOR ANDEAN COUNTRIES ON ROTATIONAL BASIS). MEXICAN REP DELGADO ALSO GIVING SUPPORT TO MARTINEZ AND ANDEANS.

4. THE CONCERNS OF LATIN AMERICANS ARE UNDERSTANDABLE. THEY HAVE BEEN CAUGHT SUDDENLY WITH A SHIFT IN U.S. POSITION. FACT THAT U.S. AND EC ARE IN AGREEMENT ONLY INCREASES THEIR SUSPICION THAT SOME DEAL HAS BEEN COOKED

UP, PERHAPS AT THEIR EXPENSE (WHICH, OF COURSE, IS NOT THE CASE). WE DID NOT RESIST A WEEK'S BREAK IN MEETING OF GROUP AGRICULTURE IN ORDER TO ALLOW DECENT PERIOD FOR EXAMINATION OF U.S. PROPOSAL AND TO ALLOW TIME FOR DELEGATIONS TO CONSULT THEIR CAPITALS. HOWEVER, DEMANDS FOR ELABORATION OF PRECISE RULES AND/OR SUBSTANTIVE UNDERSTANDINGS ABOUT S&D IN THE MTN SIMPLY CANNOT BE MET IN COURSE OF A FEW DAYS' MEETING AND, MORE IMPORTANTLY, S&D IS NOT REALLY GERMANE TO ADOPTION OF U.S. REQUEST/OFFER PROCEDURES FOR AGRICULTURAL TARIFFS AND LIMITED OFFICIAL USE  
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INDUSTRIAL NON-TARIFF MEASURES. THE PROPOSAL, INSTEAD, IS A PROCEDURAL DEVICE TO GET OVER THE IMPASSE THAT HAS BEDEVILED THE MTN SINCE ITS INCEPTION AND TO FIX A TIME-TABLE FOR LAUNCHING CONCRETE NEGOTIATIONS. WITH EC SUPPORT, WE HAVE PROPOSED THAT ON NOVEMBER 1 ALL MTN PARTICIPANTS NOTIFY REQUESTS TO THEIR TRADING PARTNERS INDICATING WHAT AGRICULTURAL TARIFF CUTS AND WHAT AGRICULTURAL AND INDUSTRIAL NON-TARIFF MEASURES THEY WANT CONCESSIONS ON DURING THE MTN. THE REQUEST PROCEDURE IS TO BE FOLLOWED BY THE TABLING OF OFFERS ON JANUARY 15 SPECIFYING WHAT EACH COUNTRY IS PREPARED TO DO IN RESPONSE TO REQUESTS ADDRESSED TO IT. THERE WILL, INEVITABLY, BE A SUBSTANTIAL GAP BETWEEN WHAT HAS BEEN REQUESTED BY ANY GIVEN COUNTRY AND WHAT IT IS PREPARED TO OFFER. THIS WILL TRIGGER THE PROCESS OF REAL NEGOTIATIONS (WHICH U.S. HOPES CAN BE ACCOMPLISHED WITHIN A SPACE OF A FEW MONTHS AFTER JANUARY 15) IN ORDER TO BRING THE MTN TO A SUCCESSFUL CONCLUSION. THE U.S. PROPOSAL IN GROUP NON-TARIFF MEASURES ALSO INCLUDES A PROPOSAL THAT BY DECEMBER 15 ALL CODES AND/OR OTHER MULTILATERAL SOLUTIONS IN THE AREAS OF SUBSIDIES AND COUNTERVAILING DUTIES, CUSTOM VALUATION, GOVERNMENT PROCUREMENT AND STANDARDS BE BROUGHT FORWARD VIA NEGOTIATIONS THROUGHOUT THE FALL OF THIS YEAR TO REFLECT THE MAXIMUM AREA OF AGREEMENT THAT CAN BE REACHED AS OF DECEMBER 15. THE OTHER KEY ELEMENT OF THE MTN TIME-TABLE IS NOT BEING DISCUSSED THIS WEEK IN EITHER GROUP AGRICULTURE OR GROUP NON-TARIFF MEASURES (NEITHER OF WHICH HAS JURISDICTION), BUT WE HAVE TOLD DELEGATIONS HERE IN GENEVA OUR OUR INTENTION TO SEEK AGREEMENT ON A COMPREHENSIVE TARIFF PLAN INCLUDING AN UNDERSTANDING AS TO THE APPLICABILITY OF THE TARIFF-CUTTING FORMULA TO AGRICULTURE AS WELL AS S&D. WE HAVE THUS PUT FORWARD (FORMALLY IN ALL RESPECTS OTHER THAN TARIFF LIMITED OFFICIAL USE  
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PLAN) A COMPREHENSIVE APPROACH TO UNBLOCK THE MTN AND

PROCEED TO CONCRETE NEGOTIATIONS.

5. WE HAVE MADE IT CLEAR TO DEVELOPING COUNTRIES THAT THE U.S. IS NOT RETREATING IN ANY WAY FROM ITS COMMITMENTS IN THE TOKYO DECLARATION TO SUPPORT S&D IN ALL AREAS OF THE NEGOTIATIONS WHERE FEASIBLE AND APPROPRIATE. WE HAVE PUT FORWARD A NUMBER OF SUGGESTIONS IN THIS RESPECT OVER THE PAST YEAR IN THE RELEVANT MTN GROUPS AND, WHILE FEW SPECIFIC AGREEMENTS HAVE BEEN REACHED, A SIGNIFICANT DEGREE OF CONSENSUS IS EMERGING ON SOME S&D MEASURES. MOREOVER (AND WE HAVE SO INFORMED DELEGATIONS HERE), U.S. IS UNDERTAKING INTENSIVE INTERNAL REVIEW THIS SUMMER IN WASHINGTON IN ORDER TO TRY TO ELABORATE MORE SPECIFIC S&D MEASURES WE COULD ACCEPT. IN THE MEETINGS OF GROUP AGRICULTURE AND DURING INFORMAL CONSULTATIONS ON MARGINS OF THE MEETING WE HAVE OFFERED THE FOLLOWING TEXT TO BE INCLUDED IN A SUMMING-UP OF GROUP AGRICULTURE AND THE NTM GROUP WHICH WOULD SPECIFY THE NOVEMBER 1 TABLING OF REQUESTS AND JANUARY 15 TABLING OF OFFERS:

QUOTE PRIORITY ATTENTION WILL BE GIVEN TO REQUESTS SUBMITTED BY DEVELOPING COUNTRIES. DEVELOPED COUNTRIES WILL, IF REQUESTED, AGREE TO PLURILATERAL CONSULTATIONS ON THESE REQUESTS WITH A VIEW TO FULFILLING THE COMMITMENTS OF THE TOKYO DECLARATION WITH RESPECT TO THE TRADE OF DEVELOPING COUNTRIES. THE DEVELOPING COUNTRIES ACCEPTED THE PROPOSAL ON THE UNDERSTANDING INTENSIVE EFFORTS WOULD BE MADE IN THE COMING MONTHS TO ELABORATE S&D IN ALL AREAS OF THE NEGOTIATIONS WHERE FEASIBLE AND APPROPRIATE. END QUOTE

6. WE ARE PREPARED TO FIDDLE WITH THIS TEXT A BIT IN CONSULTATION WITH DEVELOPING COUNTRIES OVER THE COMING DAYS BUT IT WILL NOT REPEAT NOT BE POSSIBLE TO SO REVISE IT AS TO HOLD HOSTAGE THE ENTIRE MTN NEGOTIATION. LIMITED OFFICIAL USE

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ING PROCESS UNTIL S&D MEASURES HAVE BEEN ADOPTED IN EACH AREA. THIS IS A PRESCRIPTION FOR DELAYING THE MTN AND MISSING, PERHAPS, THE LAST OPPORTUNITY TO UNBLOCK THE MTN AND BRING IT TO A CONCLUSION WITHIN A REASONABLE TIME PERIOD.

7. WE THINK IT WOULD BE USEFUL IF WASHINGTON WOULD INSTRUCT EMBASSIES IN ADDRESSEE LATIN AMERICAN CAPITALS TO MAKE APPROACHES AT APPROPRIATELY SENIOR LEVELS OF THE MINISTRIES RESPONSIBLE FOR ISSUING INSTRUCTIONS TO THEIR DELEGATIONS IN GENEVA. PURPOSE WOULD BE TO TRY TO ALLAY THEIR SUSPICIONS BY GETTING OUR MESSAGE DIRECTLY ACROSS TO THEM ABOUT OUR HAVING FINALLY MANAGED TO BURY THE HATCHET WITH THE EC OVER OUR SEVERAL PROCEDURAL HANG-

UPS, OPPORTUNITY THIS OFFERS TO UNBLOCK THE MTN, AND THE AFFIRMATION OF NO RETREAT FROM OUR TOKYO DECLARATION COMMITMENT TO S&D BUT THAT SPECIFIC S&D MEASURES CAN ONLY REALISTICALLY BE DEALT WITH IN CONTEXT OF PARTICULAR ELEMENTS OF THE MTN PACKAGE WHICH WILL BE UNDER INTENSIVE NEGOTIATION DURING THE FALL; I.E. WE WILL BE PREPARED TO NEGOTIATE ON REASONABLE S&D IN THE CONTEXT OF DEVELOPING A TARIFF PLAN DURING THE MONTH OF SEPTEMBER, AND WE WILL SIMILARLY BE PREPARED TO NEGOTIATE REASONABLE S&D ATTEMPT TO BRING FORWARD TEXTS ON SUBSIDIES COUNTERVAILING DUTIES, STANDARDS (WHERE S&D MEASURES ARE ALREADY IN THE DRAFT CODE IN ADVANCED STAGE OF PREPARATION), GOVERNMENT PROCUREMENT AND SAFEGUARDS (S&D PROBABLY NOT FEASIBLE IN AREA OF CUSTOMS VALUATION). THESE S&D MEASURES CAN ONLY BE ELABORATED OVER A PERIOD OF COMING SIX MONTHS AND TO INSIST THAT THEY BE SPELLED OUT NOW IS SIMPLY NOT FEASIBLE AND THREATENS ADOPTION OF AGREED TIME-TABLE FOR THE REQUEST/OFFER PROCEDURE.

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8. ARGENTINE AMB MARTINEZ HAS BEEN THE MOST VOCAL AND EXTREME LDC REP THIS WEEK AND HAS DECLARED NO REQUESTS SHOULD BE ADDRESSED AT LEAST TO ARGENTINA, AND IMPLICITLY TO OTHER LDCS. NO OTHER LDC THUS FAR HAS TAKEN THIS EXTREME LINE WHICH, IF PRESSED, WOULD PERHAPS BRING THE MTN TO A HALT BECAUSE THE U.S. WILL NOT ACCEPT GIVING THE LDCS A FREE RIDE AND IS LEGALLY PRECLUDED FROM DOING SO BY U.S. TRADE ACT. MARTINEZ HAS BEEN A RATHER DISRUPTIVE FORCE IN GENEVA FOR SOME TIME IN THE MTN FOR REASONS THAT WE CAN ONLY SPECULATE ABOUT. PERHAPS BRAZILIAN-ARGENTINE RIVALRY FOR LEADERSHIP OVER LATIN AMERICAN GROUP IS A FACTOR AND WITH AMB MACIEL OF BRAZIL AWAY HE MAY BE SEIZING OPPORTUNITY TO ADVANCE HIS CREDENTIALS AS A VIGOROUS DEFENDER OF LDC INTERESTS. HE IS HARD TO DEAL WITH ON THE GROUND BECAUSE HE USUALLY DECLINES INVITATIONS FOR ADVANCE CONSULTATION (WE TENDERED ONE THE DAY BEFORE OPENING OF GROUP AGRICULTURE). WHILE WE RECOGNIZE EXTREME DELICACY OF ANY INTERVENTION IN BUENOS AIRES ON THIS POINT, IF THE GENERAL STATE OF US-ARGENTINE RELATIONS AND/OR EMBASSY BUENOS AIRES' RELATIONS WITH SENIOR LEVELS OF THE FOREIGN MINISTRY ARE SUCH AS TO MAKE IT FEASIBLE TO DO SO, A COMMENT ABOUT MARTINEZ' GENERALLY UNHELPFUL ROLE WOULD NOT BE OUT OF PLACE.

9. MEXICAN REPS ARE ALWAYS A THREAT WHEN S&D IS ON THE TABLE. THEIR LOCAL REP IS COMPETENT BUT NOT OF HIGH RANK. WE THEREFORE URGE THAT AMB WOLFF TAKE THIS MATTER UP WITH HERNANDEZ AND GARRIDO AT US-MEXICAN MEETING IN WASHINGTON JULY 22. CULBERT

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 22-Sep-1999 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** STR/SBWILSON  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** n/a  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1725952  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MTN - LATIN AMERICAN HESITATIONS ABOUT REQUEST/OFFER PROCEDURE  
**TAGS:** ETRD, PORG, US, XM, MTN  
**To:** n/a INFO RUESRS CARACAS MULTIPLE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/7aeef662-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009